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OS REGISTRY
FILE Sec 18
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4 June 1980

MEMORANDUM FOR: SA to the DCI for Compartmentation
FROM: Deputy Chief, APEX Control Staff
SUBJECT: APEX Steering Group Meeting, 3 June 1980

1. The 20th meeting of the APEX Steering Group began at 10:08 a.m. on 3 June with the following in attendance:

ACS	[REDACTED]	Chairman	25X1
OSD	Maynard Anderson		
ARMY	Herbert W. Taylor		
NSA	[REDACTED]		25X1
SIGINT	[REDACTED]		
COMIREX	[REDACTED]		
SAFSS	[REDACTED]		
DIA	[REDACTED]		
STATE/INR	William Deary		
NAVY/ONI	Richard L. Welch		
CIA	[REDACTED]		
CIA	[REDACTED]		
NAVY/ONI	G. Berkin		
STATE/INR	Don Stigers		
DIA	[REDACTED]		
RMS	[REDACTED]		25X1
SAFSS	[REDACTED]		
FBI	David G. Major		
ACS	[REDACTED]		25X1
NAVY	Rollis Kubiskey		
NAVY	Bob McElroy		
USAF	Colonel Robert A. Shiver		
ACS	[REDACTED]		25X1
ACS	[REDACTED]		
ACS	[REDACTED]		
ACS	[REDACTED]		

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25X1 2. The chairman announced that the DCI will take up the [] nominating process at the NFIB meeting on 5 June. It is anticipated that NSA will present the point of view of those favoring a very small group to pass on [] nominations, and that INR will be asked to present the case for a larger group to consider nominations. In response to a question from Herb Taylor, the chairman indicated that the DCI does not have a position in this matter at this time, but is seeking the consensus of the NFIB. He also announced that the next meeting of the APEX Steering Group will be at 10:30 on Tuesday, 10 June.

25X1 3. [] continued by saying the APEX Control Staff has arranged to meet on 10 June at 2:00 with members of detachment A of the Defense Contract Audit Agency to discuss the impact of implementing APEX in the contractor world. He indicated that the control staff members who wish to send representatives to this meeting may do so. It was also announced that [] will begin collecting data for the APEX Central Facilities Register which may have a fairly early completion date. The format for the APEX Central Facilities Register is part of the 4-C requirements package, and will be coordinated in a seminar of the 4-C Working Group at CIA Headquarters on 24 June. [] urged everyone to be sure their 4-C Working Group members are up to snuff on the facilities register problem and that they are prepared to discuss this at the 24 June meeting. [] asked whether this register would include only APEX control facilities or all facilities, and Mr. [] responded that within the APEX system material may be mailed only to APEX control facilities. [] asked whether the 4-C requirements package will be coordinated with the Steering Group, pointing out that COMIREX does not have a member on the 4-C Working Group. [] directed that COMIREX receive a copy of the 4-C requirements and asked whether anyone else needed a separate copy. There was no response. [] asked whether the Central Facilities Register would list only APEX control facilities or all facilities. [] responded that the addresses of all facilities to which APEX material will be mailed must be included in the Register. []

25X1 4. [] informed the Steering Group that on 30 May the APEX Control Staff had met with the Senior Contracting Officer for Navy SCI programs and the principal legal representative for those programs to discuss the impact of APEX on SCI contractors. He called upon [] to brief the Steering Group on this meeting. [] stated as follows:

25X1 "Last friday afternoon the Control Staff (less []) met with principals of the Navy/Marine Corps SCI contracting office to discuss the probable dollar impact anticipated by implementation of APEX as regards SCI contracting.

25X1 The Navy was represented by the Director and Senior Contract Officer, Mr. John Costello; the Activities Senior Legal Officer, Mr. William Roberts; and the Deputy for Security, Mr. Evan Highley. [] brought the Navy up to speed on APEX--capping off his review with an account of the Industrial Seminar and the strongly stated concern of the industrial reps of the inordinate number of hours they forecast for conversion and indoctrination of their personnel and the associated costs. Of less concern is the additional costs generated by modification of facilities caused by more stringent security requirements. The Navy Team then stated that there will undoubtedly be additional costs as a result of APEX, but, that by good planning for briefings by government personnel -- the man hours required can be reduced to a reasonable level, e.g., by briefing only that which is necessary. Mr. Roberts produced and quoted passages from the ARMED SERVICES PROCUREMENT REGULATIONS (ASPR) which state clearly that:

"When changes are instituted subsequent to the date of a contract which generate either an increase or decrease in the contract price, delivery schedule (or any other provision) that may be affected shall be subject to an equitable adjustment. Such adjustment shall be accomplished in the same manner as if such changes were directed under 'changes' clause of a contract."

The Navy Reps do not feel that the added costs will be nearly as high as the contractor reps imply. Proper planning for, and careful control of briefings will strongly influence the man hours devoted to briefings. Coordination between joint users of common facilities will serve to reduce unnecessary expense by imposition of diverse requirements. Mr. Costello pointed out the fact that the special, dedicated DCAA audit unit which is cleared for and audits all Navy/Marine Corps SCI contracting also does the same for the CIA. Coordination with this group -- i.e., alerting them to be sensitive to redundant or duplicative claims may serve to preclude some charges. In summary, -- it is certain there will be some added costs entailed in implementation of APEX in the SCI contracting arena - but it should not be so horrendous as some would believe." []

25X1 5. Mr. Anderson commented that he believes costs can be reduced through a carefully phased implementation of APEX. In a contract that runs from three to five years, indoctrination can be phased over that period of time without having to brief everyone at once. [] raised the question of what will happen when an individual who has not yet been indoctrinated

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for APEX receives APEX material in connection with an SCI contract. This matter was discussed further without any firm conclusions being reached. []

6. [] mentioned that responses of several contractor organizations to the May 19th Seminar have been received. [] pointed out that several responses had been sent to his office and expressed the belief that it is necessary to receive all of the responses, assess and validate the concerns therein, and try to determine what the contractors in general are concerned about. [] expressed the opinion that some general concerns can be identified already: the two-person rule, nondisclosure agreements, excessive disclosure via APEX briefing films, rules for working papers and a skepticism that the Government agencies can be persuaded to accept and utilize common standards for physical security, document control, personal security, etc. He commented that the worst task before us is ensuring that APEX operates a single system. He indicated that action on the contractor responses will be withheld until Subgroup #2 has had an opportunity to compile and analyze them. He also expressed his gratitude to [] for the 2nd Party Agreements which he provided. He then called upon [] to report of the status of the nondisclosure agreement. []

7. [] reported that a meeting was scheduled that afternoon to review the nondisclosure agreement; no draft is available, and no problems are anticipated. At a previous meeting a question had been raised regarding the affect on the validity of the agreement if the witness to the agreement is under cover. [] said that the agreement is between the U.S. Government and the individual, and the witness accepts the obligation on behalf of the government--not on behalf of a particular agency. A second question was briefly raised regarding the possibility of problems with state law concerning the nondisclosure agreement. [] mentioned that the nondisclosure agreement has been reviewed by the Attorney General and that he does not believe there are any legal problems with state courts. If any such problems should surface, it will be necessary for the Justice Department to deal with them. Mr. [] asked whether any firm conclusions had been raised regarding the nondisclosure agreements of individuals transferring from one agency to another or contractor personnel transferring from company to company. [] responded that, in his opinion, there is no legal necessity for another agreement to be executed upon transfer. [] pointed out that in CIA the nondisclosure agreement is placed in the security file of the individual which is maintained at

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CIA Headquarters. Wherever the CIA employee goes, his security file remains at Headquarters with the secrecy agreement therein. In the case of a contractor who is indoctrinated for work on the CIA contract who is terminated and subsequently goes to work on an NSA contract, the question is, should CIA send the original agreement to NSA or should NSA have him sign a new agreement. The answer really depends upon the Steering Group policy decision as to which course of action should be proscribed. [] commented that common sense should prevail. Most agencies would like to see the secrecy agreement to be sure that it exists. If the secrecy agreement can't be produced, then the individual should probably sign another secrecy agreement. [] commented that if an individual moves from place to place, it may be possible for him to sign several different agreements and be required to submit material for prepublication review to each of those places. He suggested that the Working Group should make it a policy that the first agreement should follow the individual around, and he should submit his material for prepublication review to the agency with which he made the agreement. [] pointed out that in DIA the secrecy agreement is put on microfiche and destroyed and it would be very difficult to have the secrecy agreement follow him around. [] pointed out that if an individual wrote a manuscript which might contain information on certain Navy programs, it wouldn't be very beneficial to submit them for prepublication review to any other agency other than the Navy. [] suggested that microfiche can be copied and that material submitted for prepublication review is not supposed to be classified in the first place but is merely being submitted to ensure that classified material has not been inadvertently included. Mr. Anderson recommended that the storage of agreements is a problem which concerns the 4-C system to a certain extent, and that the 4-C Working Group or the Government Working Group look into it. [] indicated that he would bring the matter before the Working Group at its next meeting. []

8. Copies of the termination security agreement, Form 3968 (Attachment 1) were passed out to the members. [] advised the members that SECOM proposed to adopt the form as a reminder of termination of access to the individual and as a vehicle for having that termination entered in the 4-C system. He asked the Steering Group members to advise at the next meeting whether there is any problem with the use of this form. []

9. The following items were distributed to the members:

- Attachment #2, APEX Manual Inventory and Review
- Attachment #3, Alternate Version of DIA's Proposal
Plan to Replace Extant Operational
Manuals
- Attachment #4, DIA suggested revision, The COMINT
Operational Compartment
- Attachment #5, DIA proposed plan

25X1 10. [] described Item 3 as being an attempt
by the APEX Control Staff to take the DIA proposal for revision
of user manuals, combine it with the various suggestions
received from other member agencies, and formulate a proposal
which might be acceptable to everyone. The proposal generated
a lengthy and vigorous discussion with [] questioning
whether program managers have the moral authority to review
manuals written by the services and attempt to regulate their
content. Mr. Anderson pointed out that the manuals will have
to be revised to fit the requirements of the APEX system. In
the course of the discussion, it was suggested that it is the
responsibility of the operational program manager to identify
operational and operational subcompartment material which might
be in such manuals. The program manager should have the authority
and the obligation to see that operational information is
properly protected. The procedure proposed is to review the
manual, determine what, if any, operational level content it has,
and then in concert with the relevant DCI committees, review
them for operational subcompartment and product content. Both
25X1 [] pointed out that the user organiza-
tions comprised the membership of the DCI committees and that
the committees ought to participate with the program managers in
making the determination of what kind of material should be
25X1 user manuals. [] pointed out that in the development of
the operational compartment and subcompartment for communications
intelligence, he does not see a role for the user audience in
defining the operational compartment. The discussion of this
matter concluded with the chairman requesting that the members
bring a line-in-line-out change to the proposed manual review
procedure to the next meeting. The chairman also pointed out
25X1 that one of the handouts provided was guidance prepared by Col.
[] office to program managers on how to proceed with
25X1 the implementation of operational compartments and subcompartment-
ments. []

11. The chairman introduced Mr. Rollis Kubiskey, a senior
contract security officer of the U.S. Navy. Mr. Kubiskey, who
served on the task group on operational compartments of the
NFIB Working Group on Compartmentation, and who is now a

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member of the Industrial Working Group of the APEX Steering Group, raised the question of whether people who now have access approvals under existing operational programs need to be indoctrinated and sign an APEX security agreement. He suggested that in many cases, individuals will learn more about the sensitivities of these projects by reading the indoctrination oath than they have learned through participation in the programs. Merely signing a nondisclosure agreement referring to intelligence sources and methods, in some cases, will expose them to knowledge they have not previously had. [] commented that many contractor people have access approvals but know only that they are working with the Air Force. If such individuals are informed of CIA participation in the program this requires a higher phase of access approval. The ensuing discussion centered around the question of whether individuals who were not aware of the intelligence function of the project on which they worked really have access to sensitive compartmented information. [] pointed out that some contractor organizations would be unwilling to participate in operational programs unless the intelligence nature of the programs and the involvement of CIA with these programs is thoroughly concealed. [] also pointed out that some people who have operational access approvals do not have security clearances. [] said that on the operational level the involvement of the project with intelligence is not disclosed to the individual being indoctrinated. A segment of the intelligence community, which has concealed its work in the past, will now be forced to come out in the open with it; some companies don't want that. [] commented that the "tin bender" we had been discussing may not be as dumb as he has been made to sound. [] commented that if the individual isn't going to be in the APEX system, no one is going to do a DCID 1/14 background investigation on him. [] commented that these projects could be operating outside of APEX, but Annex 3 of the Working Group report dictated that they would be APEX. [] commented that if these programs are not national compartmented foreign intelligence, they don't need to be in APEX. Mr. Kubiskey pointed out that the funding of these programs comes from National Foreign Intelligence budget, and Mr. Anderson remarked that that was the key to the decision: where will you get the money for your programs if they are not in the National Foreign Intelligence budget? [] concluded the discussion by requesting that the APEX Steering Group Subgroup #4 be formed to be chaired by [] with the task of identifying which persons may or may not be subject to APEX rules. []

25X1 12. [] announced that no comments had been
received on the additional Questions and Answers that were
25X1 passed out at the last meeting and indicated he presumes
silence means consent. [] commented that his
25X1 office's comments on the questions are in the typewriter.
[] also pointed out that the NSA proposal for
25X1 operational compartments has been received and also distributed
to the members. []

13. The meeting adjourned at 1148. []

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cc: APEX Control Staff
Steering Group Members
(Attachments on original only)

SUBJECT: APEX Steering Group Meeting, 3 June 1980

25X1 SA/DCI/C [redacted] /kb (4 June 1980)

Distribution:

- Copy 1 - SA/DCI/C File
2 - SA/DCI/C Chrono
3 - Richard Welch, ONI
4 - Maynard Anderson, OSD
25X1 5 - [redacted] DIA
6 - Herbert Taylor, Army
7 - Colonel Robert A. Shiver, Air Force
25X1 8 - [redacted], NSA
25X1 9 - [redacted]
25X1 10 - [redacted] man, SIGINT Committee
11 - [redacted] unity Affairs
12 - [redacted] rman, COMIREX
13 - [redacted] FAC
14 - [redacted]
15 - [redacted] te
16 - [redacted]
17 - David G. Major, FBI
18 - Executive Registry